

Severance Tax

Severance tax is levied upon the value of oil and gas severed or removed from the land. Oil and gas taken from stripper and nonstripper wells is subject to the tax. The tax is paid by every person severing oil or natural gas from land in Nebraska unless the severed oil or natural gas is sold in Nebraska. If the oil or gas is sold in Nebraska, then the first purchaser in Nebraska pays the tax.

The severance tax rate is three percent of the value of the nonstripper oil, three percent of the value of the natural gas, and two percent of the value of stripper oil.

Tax on oil or gas severed from public school lands is credited to the Permanent School Fund. For oil or gas severed from all other lands, one percent of the gross tax receipts is credited to the Severance Tax Administration Fund, up to \$300,000 may be appropriated by the legislature to the State Energy Office Cash Fund, up to \$30,000 may be appropriated to the Governor's Policy Research Office, and the remainder is credited to the Permanent School Fund.

Table 9

Severance Tax Receipts

Month	Calendar Year 1997	Calendar Year 1996
January	\$ 161,253	\$ 140,454
February	157,436	106,047
March	142,634	123,093
April	145,779	99,216
May	96,231	186,946
June	171,748	164,578
July	105,033	147,240
August	114,838	150,204
September	124,671	149,924
October	119,116	137,386
November	97,340	139,532
December	152,212	225,364
Total	\$1,588,291	\$1,769,984

Conservation Tax

In addition to the severance tax, the value of oil or gas is subject to the conservation tax. Conservation tax is levied and assessed in the same manner as the severance tax. The tax is imposed on the value at the well of all oil and gas produced, saved and sold or transported from the premises in Nebraska. The producer of the oil or gas pays the tax unless the oil or gas is sold within Nebraska. If the oil or gas is sold in Nebraska, then the first purchaser in Nebraska pays the tax.

The conservation tax rate is .35 percent. Revenue from the conservation tax is deposited in the Oil and Gas Conservation Fund.

Table 10

Conservation Tax Receipts

Month	Calendar Year 1997	Calendar Year 1996
January	\$ 33,177	\$ 28,916
February	33,166	20,914
March	29,358	25,155
April	29,379	20,121
May	21,017	38,303
June	33,543	34,462
July	26,549	30,030
August	19,106	25,174
September	30,245	37,301
October	28,573	29,839
November	11,221	29,413
December	31,155	43,256
Total	\$326,489	\$362,884